

Message Text

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PAGE 01 VIENNA 03085 051756Z

16

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

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FM AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: PLAB, AU

SUBJECT: WAGE NEGOTIATIONS LEAD TO HIGHER
SETTLEMENTS

1. TRADITIONALLY PEACEFUL INDUSTRIAL RELATIONS
CLIMATE UNDERWENT CERTAIN TENSION IN RECENT WEEKS,
INCLUDING BRIEF WORK STOPPAGES BY DAIRY WORKERS
AND NATIONWIDE STRIKE THREAT BY BUILDING TRADES
UNION, BEFORE SETTLEMENTS WERE REACHED PROVIDING
FOR LARGER THAN USUAL WAGE INCREASES AND SHORTER
CONTRACT DURATIONS.

2. FOLLOWING ONE-DAY STRIKES IN VARIOUS PARTS OF
AUSTRIA, NEW CONTRACT WAS SIGNED BY DAIRY WORKERS
ON MARCH 28 PROVIDING 16.5 PCT INCREASE IN MINIMUM
WAGES AND LARGER LONGEVITY BONUSES. PREVIOUS
CONTRACT WAS OPEN-ENDED AND EMPLOYERS DID NOT
EXPECT NEW NEGOTIATIONS BEFORE AUTUMN 1974 WHEN
UNION PRESSED FOR EARLIER RENEGOTIATION IN VIEW OF
SHARP COST OF LIVING RISES AND RECENTLY AUTHORIZED
INCREASES IN DAIRY PRODUCTS.

3. BUILDING AND WOODWORKERS UNION, WHOSE CON-
TRACT EXPIRED MARCH 31, HAD DEMANDED 38 PCT WAGE
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ADJUSTMENT OVER 2-YEAR PERIOD WITH NATIONWIDE

STRIKE THREAT PENDING. CONTRACTORS AND UNION SETTLED JUST PRIOR TO STRIKE DEADLINE FOR 14.6 PCT INCREASE IN MINIMUM WAGES, HIGHER SEVERENCE PAY AND PER DIEM ALLOWANCES. CONTRACT LIMITED TO 13 MONTHS. NEW HOURLY MINIMUM WAGE RATES VARY FROM AS 20.50 FOR UNSKILLED TO AS 28.50 FOR SKILLED WORKERS. ACTUAL WAGE RATES IN CONSTRUCTION RANGE UP TO 50 PCT HIGHER THAN CONTRACTUAL MINIMA.

4. IN ADDITION TO 16 PCT WAGE INCREASE FOR AGRICULTURAL WORKERS RETROACTIVE TO MARCH 1, FORESTRY AND SAWMILL WORKERS CONCLUDED NEW CONTRACT APRIL 1 FOR WAGE INCREASES AVERAGING 19 PCT.

5. COMMENT: AUSTRIAN TRADE UNION FEDERATION (ATUF) LEADERSHIP UNDER STRONG PRESSURE FROM AFFILIATES AS WELL AS RESTIVE MEMBERSHIP TO AUTHORIZE DEMANDS EXCEEDING MAGNITUDE OF PREVIOUS SETTLEMENTS. MAJOR CONTRIBUTING FACTORS ARE INFLATIONARY RATE CURRENTLY RUNNING OVER 9 PCT AND EXPECTED TO REACH 10 PCT BEFORE SUMMER. ADDITIONAL ELEMENT IS PRESSURE FROM OPPOSITION PEOPLE'S PARTY AND MAJOR CAMPAIGN BY COMMUNIST PARTY AND TINY BUT NOISY LABOR FACTION FOR MID-YEAR REDUCTION IN WAGE AND SALARY INCOME TAXES WHICH GOVERNMENT AND SOCIALIST MAJORITY IN ATUF ARE RESISTING. HUMES

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